

SEC. 11.96.

(a) It is the intent of the Legislature in enacting this section to provide flexibility for administrative adjustments, to fully spend the \$27,017,016,860 in federal funds allocated from the Coronavirus State Fiscal Recovery Fund as authorized by the federal American Rescue Plan Act of 2021 (P.L. 117-2), that support the state's response to the COVID-19 public health emergency, address the negative economic impacts caused by COVID-19, support eligible infrastructure, or are otherwise eligible expenditures pursuant to federal law or guidance. These funds shall be deposited in the Coronavirus Fiscal Recovery Fund of 2021 and may earn interest. Up to \$10,000,000 of the interest earned from these funds may be used to address unanticipated workload. Additional interest earned from these funds shall not be spent without an appropriation by the Legislature in another statute.

(b) Except as provided in this section, allocations of these funds shall be made in the annual Budget Act or another statute. Section 28.00 does not apply to the funds described in this section.

(c) Notwithstanding any other provision of this act or any other law, any appropriation from the Coronavirus Fiscal Recovery Fund of 2021 shall be available for expenditure or encumbrance through June 30, 2024, unless an earlier deadline is specified at the time of appropriation. These dates may be extended if the Director of Finance determines a later deadline is authorized by the federal government or that a department will complete the program, project, or function such that funds will be expended or encumbered by December 31, 2024.

(d) The Department of Finance may authorize the establishment of positions and transfer amounts within a program, project, or function, in or between a department's state operations, local assistance, and capital outlay items, to support the implementation of the same programmatic purpose appropriated by the Legislature from the Coronavirus Fiscal Recovery Fund of 2021, pursuant to this act. Any transfer or reallocation for other purposes shall require an appropriation by the Legislature in another statute.

(e) The Director of Finance may adjust any item of appropriation to reallocate funds not encumbered as of August 1, 2024, to ensure funds are expended or encumbered by the federal deadline for other allowable activities.

(f) Until all funds are expended or encumbered, the Director of Finance shall annually report in writing by March 1 the amount of unexpended or unencumbered funds by program to the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations.

(g) All obligations from the Coronavirus Fiscal Recovery Fund of 2021 shall be liquidated by the end of the period of performance of December 31, 2026, unless the Director of Finance determines this deadline should be adjusted pursuant to any changes authorized by the federal government, including regulations or federal guidance.

(h) The funds described in subdivision (a) may be allocated to offset or reduce appropriations in the 2020–21, 2021–22, and 2022–23 fiscal years for eligible activities.

(i) The Director of Finance may authorize the augmentation of the funds described in subdivision (a) for expenditure to conduct an audit or address audit findings to mitigate and ensure full compliance and

use of these funds for the intended purposes in subdivision (a) consistent with federal requirements for any program, project, or function in the schedule of any item of appropriation in this act. If no item for a department currently exists, then an item may be created for this purpose.

(j) The Director of Finance may transfer funds from the Coronavirus Fiscal Recovery Fund of 2021 to any other state fund to offset actual expenditures in the 2021–22 and 2022–23 fiscal years related to the state’s direct response to the COVID-19 public health emergency.

(k) The Director of Finance is authorized to initiate the reversion of unspent funds from an appropriation for a specific programmatic purpose from the Coronavirus Fiscal Recovery Fund of 2021. Any unspent funds made available pursuant to this subdivision shall be allocated to direct disaster response costs based upon actual expenditures, as determined by the Department of Finance, pursuant to this section, subject to notification to the Joint Legislative Budget Committee as specified in subdivision (r).

(l) The Director of Finance may transfer up to \$17,247,761,000 from the Coronavirus Fiscal Recovery Fund of 2021 to the General Fund over fiscal years 2021–22 and 2022–23 combined based on the estimated amount of revenue loss calculated pursuant to federal statute and guidance from the United States Treasury Department. The notification requirement in subdivision (r) does not apply to this transfer. However, the Director of Finance must notify the Joint Legislative Budget Committee if the amount transferred pursuant to this paragraph is less than \$17,247,761,000 within 10 days after the transfer.

(m) For direct disaster response costs in the 2021–22 and 2022–23 fiscal years based upon actual expenditures, as determined by the Department of Finance, the Director of Finance may reduce up to \$486,000,000 allocated to direct disaster response from the Coronavirus Fiscal Recovery Fund of 2021 in the Budget Act of 2021 (Chs. 21, 69, and 240, Stats. 2021) and instead allocate that amount from the General Fund. Of this amount, the Director of Finance may allocate General Fund moneys to any other state fund to offset actual expenditures in those fiscal years related to the state’s direct response to the COVID-19 public health emergency. The funds allocated pursuant to this subdivision shall be available for encumbrance or expenditure until December 31, 2026.

(n) (1) For a purpose specified in paragraph (2), the Director of Finance may reduce an amount appropriated from the Coronavirus Fiscal Recovery Fund of 2021 in the Budget Act of 2021 (Chs. 21, 69, and 240, Stats. 2021) and instead allocate that amount from the General Fund. This reduction and corresponding allocation from the General Fund may be for an amount up to, but not exceeding, the amount specified for the purpose listed in paragraph (2). If no item for a department currently exists to allow for a General Fund allocation, an item may be created for this purpose. The Controller shall shift any accounting transactions posted from the Coronavirus Fiscal Recovery Fund of 2021 to the General Fund as directed by the Director of Finance. The funds allocated pursuant to this subdivision shall be available for encumbrance or expenditure through June 30, 2024, and liquidation until December 31, 2026.

(2) (A) \$95,000,000 to the Governor’s Office of Business and Economic Development for the Revitalize California Tourism Program, appropriated in Item 0509-062-8506.

(B) \$1,407,894,000 to the ScholarShare Investment Board for the Statewide Child Savings Account Program, appropriated in Item 0954-162-8506.

(C) \$472,500,000 to the Student Aid Commission for the Education and Training Grants for Displaced Workers Program, Financial Aid Grants Program, appropriated in Item 6980-162-8506.

(o) (1) Upon finalization of the calculation pursuant to subdivision (l), the Director of Finance may reduce an amount appropriated from the Coronavirus Fiscal Recovery Fund of 2021 in the Budget Act of 2021 (Chs. 21, 69, and 240, Stats. 2021) and instead allocate that amount from the General Fund. This reduction and corresponding allocation from the General Fund may be for an amount up to, but not exceeding, \$4,114,054,000. If no item for a department currently exists to allow for a General Fund allocation, an item may be created for this purpose. The State Controller shall shift any accounting transactions posted from the Coronavirus Fiscal Recovery Fund of 2021 to the General Fund as directed by the Director of Finance. The funds allocated pursuant to this subdivision shall be available for encumbrance or expenditure until December 31, 2026.

(2) If the Director of Finance reduces and allocates funds pursuant to this subdivision, a revised allocation plan shall be provided along with the required notification to the Joint Legislative Budget Committee pursuant to subdivision (r). For purposes of paragraph (1), the Director of Finance shall consider funding for transformative planning and implementation activities in a revised allocation plan.

(p) (1) For a purpose specified in paragraph (2), the Director of Finance may reduce an amount appropriated from the General Fund and instead allocate that amount from the Coronavirus Fiscal Recovery Fund of 2021. This reduction and corresponding allocation from the Coronavirus Fiscal Recovery Fund of 2021 may be for an amount up to, but not exceeding, the amount specified for the purpose listed in paragraph (2). If no item for a department currently exists to allow for such an allocation, an item may be created for this purpose. The Controller shall shift any accounting transactions posted from the General Fund to the Coronavirus Fiscal Recovery Fund of 2021 as directed by the Director of Finance. The funds allocated pursuant to this subdivision shall be available for encumbrance or expenditure through June 30, 2024, and liquidation until December 31, 2026.

(2) Up to \$1,000,000,000 to the Employment Development Department for payment towards the Unemployment Fund loan secured to pay unemployment insurance benefits, part of the unemployment insurance program, appropriated in Item 7100-004-0001.

(q) (1) For a purpose specified in paragraph (2), the Director of Finance may reduce an amount appropriated from the Coronavirus Fiscal Recovery Fund of 2021 in the Budget Act of 2021 (Chs. 21, 69, and 240, Stats. 2021) and instead allocate that amount from the General Fund. This reduction and corresponding allocation from the General Fund may be for an amount up to, but not exceeding, the amount specified for the purpose listed in paragraph (2). If no item for a department currently exists to allow for a General Fund allocation, an item may be created for this purpose. The Controller shall shift any accounting transactions posted from the Coronavirus Fiscal Recovery Fund of 2021 to the General Fund as directed by the Director of Finance. The funds allocated pursuant to this subdivision shall be available for encumbrance or expenditure until December 31, 2026.

(2) Up to \$1,000,000,000 to the California Department of Technology to expand broadband infrastructure, appropriated in Item 7502-062-8506, Budget Act of 2021 (Chs. 21, 69, and 240, Stats. 2021).

(r) Adjustments, including reversions, authorized pursuant to this section shall not be expended or reverted prior to 30 days after the Director of Finance notifies the Joint Legislative Budget Committee in

writing of the purposes of the planned expenditure or reversion and the justification for the amount proposed for expenditure or reversion. The Chairperson of the Joint Legislative Budget Committee, or the chairperson's designee, may shorten or waive that 30-day period by written notification to the Director of Finance.